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**RAILWAY CONVENTION COMMITTEE**

**(2014)**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF RAILWAYS**

**(RAILWAY BOARD)**

**EXPLORING PPP AVENUES IN RAILWAY  
INFRASTRUCTURE**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 2017 / Chaitra, 1938-39 (Saka)*

**ELEVENTH REPORT**

**RAILWAY CONVENTION COMMITTEE**

(2014)

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF RAILWAYS**  
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## EXPLORING PPP AVENUES IN RAILWAY INFRASTRUCTURE

**Presented to Lok Sabha on 31.3.2017**

**Laid in Rajya Sabha on 31.3.2017**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*March, 2017/Chaitra, 1938-39 (Saka)*

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## COMPOSITION OF RAILWAY CONVENTION COMMITTEE (2014)

**Shri Bhartruhari Mahtab, MP - Chairperson**

### Members

#### Lok Sabha

2. Shri Abhishek Banerjee
3. Shri Sanganna Amarappa Karadi
4. Shri K. Ashok Kumar
5. Shri Kamalbhan Singh Marabi
6. **Vacant\***
7. Shri Nana Patole
8. Shri Janak Ram
9. Shri Rahul Ramesh Shewale
10. Shri Bharat Singh
11. Shri Liladharbhai Khodaji Vaghela
12. Shri K.C. Venugopal

### Members

#### Rajya Sabha

13. Shri Derek O' Brien
14. Shri T.K. Rangarajan
15. Shri Prem Chand Gupta
16. Shri Abdul Wahab
17. Smt. Vandana Chavan
18. Shri Ranvijay Singh Judev

### SECRETARIAT

- |    |                        |   |                     |
|----|------------------------|---|---------------------|
| 1. | Shri S.C. Chaudhary    | - | Joint Secretary     |
| 2. | Shri M. K. Madhusudhan | - | Director            |
| 3. | Shri D. R. Mohanty     | - | Additional Director |

\*Vacancy occurred w.e.f. 05<sup>th</sup> July, 2016 vice Smt. Anupriya Patel was appointed MOS.

## **INTRODUCTION**

I, the Chairperson, Railway Convention Committee (2014), having been authorized by the Committee, present this Eleventh Report on 'Exploring PPP avenues in Railway Infrastructure'.

2. The Committee obtained background material and written information from the Ministry of Railways (Railway Board) in connection with the examination of the subject. The Committee also took oral evidence of the representatives of the Ministry of Railways (Railway Board) on 2<sup>nd</sup> March, 2017. The Committee express their thanks to the representatives of the Ministry of Railways (Railway Board) for appearing before the Committee and also for furnishing requisite written information in connection with the examination of the subject.

3. The Committee considered and adopted this Report at their sitting held on 29<sup>th</sup> March, 2017. The Minutes of the sitting of the Committee are appended to the Report.

4. For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters in the Report.

New Delhi:

29 March, 2017

**08 Chaitra, 1938-39 (SAKA)**

**BHARTRUHARI MAHTAB**

CHAIRPERSON

RAILWAY CONVENTION COMMITTEE

# REPORT

## PART - I

### I. INTRODUCTORY

The Indian Railways require large resources i.e. Rs. 8.56 lakh crore for investment during 2015-19 for capacity augmentation and modernisation. With a view to mobilising such huge requirement of funds, Railways are exploring various alternative mechanism including Public Private Partnership (PPP) model. Out of the estimated requirement of Rs. 8.56 lakh crore, approximately Rs. 1.2 lakh crore is estimated to be mobilised from Extra Budgetary Resources (EBR)/ partnership including PPP.

2. Building rail connectivities through PPP was commenced in 2002 when last mile connectivity to the ports through private participation was undertaken. In order to increase private investment and also to attract greater participation from the private sector in rail connectivity, a policy for participative models for rail connectivity and capacity augmentation projects was issued in December, 2012. The participative policy provides for five models of PPP *viz.* Non-Government Railway (NGR), Joint Venture (JV), Customer Funded, Build, Operate and Transfer (BOT) and Annuity Models.

3. The first three models *viz.* NGR, JV and Customer Funded involve participation of strategic investors/customers and have been preferred by the existing customers of Indian Railways. The other two models *viz.* BOT and Annuity are pure PPP models which provide opportunity to the private investors who may not necessarily be the customers of the Railways. Till now the JV model has elicited a good response and has enabled mobilisation of substantial private

investment in development of Railway infrastructure. The Annuity model which involves relatively lesser risk to the potential investors is likely to attract more private investment in future than the other models of PPP.

4. Under the above five models the Indian Railways propose to mobilise substantial investments through various Projects/Schemes like Port Connectivity Projects, Private Freight Terminals (PFT), Private Container Operations, Liberalised Wagon Investment Scheme (LWIS), Wagon Leasing Scheme (WLS), Automobile Freight Train Operator Scheme (AFTO), Special Freight Train Operator Scheme (SFTO), Redevelopment of Stations and Locomotive Manufacturing Unit.

5. With a view to gauging the status/progress of the above mentioned Projects/Schemes and attainment of the objectives enunciated in the PPP. Policy, the Committee took up the subject for examination and report. In the process, the Committee obtained requisite written documents/replies and took oral evidence of the representatives of the Ministry. The Committee also undertook on-the-spot Study Visits to various Zonal/Divisional Railways to gather first hand information on the subject matter. Based on the written and oral depositions of the Ministry and the information gathered during the field visits, the Committee have taken stock of the position in the succeeding paragraphs.

## **II. Port and Rail Connectivity Projects**

6. The Committee were informed that between 2002 – 2012, seven port connectivity projects were implemented namely new line to Mundra Port (including doubling), Pipavav-Surendernagar Gauge conversion, Hassan-Mangalore Gauge conversion, Gandhidham-

Palanpur Gauge Conversion, Bharauch-Dahej-Gauge conversion project and Venkatachalam-Krishnapatnam new line and new line to Dhamra Port by involving strategic investors. These projects have added approximately 950 km of railway line bringing an investment of approximately Rs 3000 crore. The equity contribution of Ministry of Railways in these projects has been only approximately Rs 400 crore.

7. The Committee were also apprised that under the Participative policy of 2012, the Ministry of Railways have implemented connectivity to Dhamra port under private line model. Five other projects are under implementation (Jaigarh Port- Digni new line, Kharsia- Dharamjaigarh-Donga Mahua new line, Gevra Road-Pendra Road new line and Roha-Dighi port new line through joint venture model and Tuna Port line under private line model). In principle clearance have been granted for six projects for building rail connectivities to Astaranga, Hazira, Dholera, Nargol and Chhara port under private line model and Rewas port new line under joint venture model. Five projects are also under implementation from funds obtained by customers. These 17 projects will generate an investment of approximately Rs. 10,000 crores.

8. The Committee desired to be apprised of the achievements made in the port connectivity projects between 2012 and 2016. In reply, the Ministry submitted as under:

“During the period between 2012 and 2016, two port connectivity projects of estimated value of Rs. 900/- crores have been implemented. Further, three more port connectivity projects are under implementation.



Status of the projects is tabulated as under:

<b>Projects implemented</b>					
Sn	Name of project	Km	Cost (rs.cr.)	Model	Status/achievement
1	Bhadrak - Dhamra Port /New Line	64	760	Non-Govt. Railway (NGR)	Commissioned
2	Gandhidham-Tuna Port /New line	17	144	Non-Govt. Railway (NGR)	Commissioned
<b>Projects under implementation</b>					
1	Obulavaripalle-Venkatachalam, New Line, Phase -II	93	963	JV with RVNL	<ul style="list-style-type: none"> <li>• Construction is in progress.</li> <li>• Land acquisition of 0-22.3 kms. completed.</li> <li>• Forest clearance obtained.</li> </ul>
2	Anugul –Sukinda, New Line	104	1337	JV with RVNL	<ul style="list-style-type: none"> <li>• Construction is in progress.</li> <li>• 68% land acquired.</li> </ul>
3	Haridaspur-Paradip , New Line	82	1602	JV with RVNL	<ul style="list-style-type: none"> <li>• Construction is in progress.</li> <li>• Acquisition of private land completed</li> </ul>

9. The Committee then desired to be apprised of the latest status of the Rail Connectivity Projects initiated under the Participative Policy of 2012. In response, the Ministry deposed as follows:

“The 16 Rail Connectivity Projects which are initiated under Participative Policy of 2012 includes 3 port connectivity projects and 13 last mile connectivity to mines/industry cluster, electrification, doubling, gauge conversion etc. The status of these projects is as under:

SN.	Project	Status
1	Dighni-Jaigarh Port, new line	<ul style="list-style-type: none"> <li>➤ SPV incorporated in May 2015</li> <li>➤ land acquisition for the project initiated</li> </ul>
2	Roha-Dighi Port, new line	<ul style="list-style-type: none"> <li>➤ SPV incorporated in September 2015</li> <li>➤ Land acquisition process initiated</li> </ul>

3.	Hamrapur-Rewas port, new line	➤ Developer to start the process of implementation of the project
4.	Gevra Road-Pendra Road, new line	➤ SPV incorporated in March 2013 ➤ Land acquisition process initiated ➤ Civil construction initiated
5.	Kharasia-Dharmjaigarh, new line	➤ SPV incorporated in March 2013 ➤ Land acquisition initiated ➤ Civil construction commenced
6	Rowghat-Jagdalpur, new line	➤ SPV incorporated in January 2016 ➤ Notification for Land acquisition initiated
7	Bhuj – Naliya –Vayor, gauge conversion/extension	➤ SPV incorporated in November 2016 ➤ Land acquisition process being initiated
8	Gandhidham –Palanpur line (Kutch Railway) - Electrification	➤ Implementation undertaken by the existing SPV – KRCL
9	Hotgi-Kudgi, doubling	➤ Tenders awarded for 11 works, works are in progress
10	Manpur-Tilaiya-Bakhityarpur, electrification	➤ All major tenders awarded ➤ Works are in progress
11	Lalitpur-Udaipura, electrification	➤ Tender for OHE and TSS awarded, works are in progress
12	Balgona-Katwa, gauge conversion	➤ Work already in progress and about 80% completed ➤ Financial progress of the contractual work - Rs.110 crores
13	Bakhityarpur flyover including 3 <sup>rd</sup> line	➤ 9.8 acres land for phase 1 already acquired, works are in progress ➤ 10.8 acres of land for phase 2 is acquired
14	Khandwa –Nimar Kheri, gauge conversion	➤ 6 tenders have been awarded ➤ Works are in progress
15	Jagadapur-Ambagaon, gauge conversion	➤ Agreement signed in 2016
16	Jagdalpur-Kirandol, doubling	➤ Jagdalpur-Tokipar 17 Kms section commissioned in 2016-17 ➤ Balance work is in progress

10. Asked to state the details of investments made by the Railways and Non-Railways in the Rail Connectivity Projects so far, the following information was furnished in a tabular form:

	No. of Projects	Length (kms)	Railway (Rs.Cr.)	Non-Railway (Rs.Cr.)
Commissioned	9	1030	404	2749
Sanctioned/under construction (NGR/JV)	13	1185	440	14270
Sanctioned/under construction (customer funded)	8	550	0	3062
In-principle approval granted	5	180	0	2729
	35	2945	844	22,810

### **III. Private Freight Terminals (PFT)**

11. The Committee were informed that with a view to facilitating development of a network of freight terminals with private investments to provide efficient and cost effective logistics services with warehousing solutions and users, a new scheme namely private freight terminal was launched on 31.5.2010. The policy was reviewed and was revised on 23.04.2012. So far 56 proposals have been received out of which 21 terminals have been notified for commercial working. In-principle approval has been given by the Zonal Railways for 35 PFT.

12. The Committee enquired about the progress of the 21 Terminals that had been notified for commercial working under the PFT scheme. In reply, the Ministry stated that 41 Terminals had already been notified and commissioned for commercial working.

13. Asked to state the fate of the 35 more PFTs for which in-principle approval had already been given by the Zonal Railways, the Ministry responded that in-principle approval had been given by the Zonal Railways for 40 more PFTs which were under various stages of construction.

#### **IV. Private Container Operations**

14. Running of Container train which was a monopoly of CONCOR, a PSU of MoR was thrown open to private operators in the year 2006. 16 private operators besides CONCOR have been licensed and signed agreement with MoR. The private operators have procured 128 rakes and have developed 14 new terminals. CONCOR itself owns 249 rakes and 63 terminals.

15. In the above context, the Committee desired to be apprised of the improvements observed, both in terms of efficiency and fund raising, in the running of Container Train after it was thrown open to the Private Operators in 2006. In reply, the Ministry submitted as under:

“As per Statistical data available, loading of Containers on IR from 2007-08 onwards, when the sector was opened upto Private Container Operators, has shown increasing trends except for FY 2015-16. There has been a steady increase in earnings throughout the period. The data are as under:

<b>Container Services (Tonnes Originating -Millions)</b>				
<b>F.Y</b>	<b>Domestic</b>	<b>EXIM</b>	<b>Total</b>	<b>Earnings in Rs in Cr.</b>
2007-08	3.7	17.4	21.1	1844.86
2008-09	7.0	23.3	30.3	2363.98
2009-10	8.96	25.40	34.36	2772.43
2010-11	10.14	26.70	36.84	3103.41
2011-12	9.41	29.17	38.58	3400.95
2012-13	9.28	31.81	41.09	3828.5
2013-14	10.94	32.66	43.60	4339.76
2014-15	10.50	38.34	48.84	4869.2

2015-16	9.07	37.11	46.18	5483.41
2016-17 (Upto Jan-17)	7.74	31.37	39.11	4310.05

With advent of Private Operators, while the share of CONCOR in the container traffic has reduced, but CONCOR's traffic has been showing an increase over the years.”

16. The Committee then asked about the private operators who had signed agreement with Ministry for running the Container Train and the fund sharing between them and the Railways. In reply, the Ministry stated as under:

“List of the Private Container Train Operators are as under:

<b>Sl. No.</b>	<b>Name of the company</b>
1	Adani Logistics Ltd.
2	International Cargo Terminal & Rail Infrastructure Pvt. Ltd. (Old name Boxtrans logistics (India) Services Pvt. Ltd.)
3	Container Rail Road Services Pvt. Ltd.
4	Container Corporation of India Ltd.
5	Central Warehousing Corporation Ltd.
6	Gateway Rail Freight Ltd.
7	Hind Terminals Pvt. Ltd.
8	Innovative B2B Logistics Pvt. Ltd.
9	India Infrastructure & Logistics Pvt. Ltd.
10	Pipavav Railway Corporation Ltd.
11	Reliance Infrastructure Engineers Pvt. Ltd. (New name, Pristine Mega Logistics Park Pvt. Ltd.)
12	Sical Multimodal and Rail Transport Ltd.
13	Darcl Logistics Ltd.
14	Distribution Logistics Infrastructure Pvt. Ltd.
15	Kribhco Infrastructure Ltd.
16	Arshiya Rail Infrastructure Ltd.
17	Fourcee Infrastructure Equipments Pvt. Ltd.
18	Joshi Konoike Transport & Infrastructure Pvt. Ltd.

Private Container Train Operators have to deposit one time non-refundable registration fee of Rs Fifty/ Ten Crores and enter into a Concession Agreement with Railways for running of Container trains in respective categories.

Haulage charges are being paid by Private Container Train Operators to Railway Administration for haulage of their Container trains, both loaded as well as empty, at such rates as prescribed by Railway Administration from time to time.”

## **V. Liberalised Wagon Investment Scheme (LWIS)**

17. The Liberalised Wagon Investment Scheme (LWIS) allows investment by end users in special purpose wagons and high capacity wagons. The policy was issued on 15.4.2008. To make the scheme more customer friendly, revised guidelines were issued on 02.01.2012. So far, approval for procurement of 55 rakes by 14 firms has been accorded. Out of this, 24 rakes have been inducted.

18. Asked to state the latest status of the procurement and induction of rakes under the LWIS, the Ministry apprised that approval had been given for procurement of 68 rakes out of which 31 rakes had been procured under the scheme.

19. The Committee then enquired about the investment estimated to be generated under the Scheme. In reply, the Ministry submitted that the estimated investment by the LWIS participants was Rs. 1535 crore.

## **VI. Wagon Leasing Scheme (WLS)**

20. The Wagon Leasing Scheme (WLS) was launched to introduce the concept of leasing of railway wagons on IR. The scheme aims to induct high capacity, special purpose wagons and also wagons for container movement. The policy was issued on 15.04.2008. Two companies have registered as wagon leasing company. So far, 12 container rakes have been procured under the scheme.

21. Asked to state the performance of the two companies since 2008 in inducting high capacity special purpose wagons and also wagons for container movement, the Ministry submitted as under:

“M/s Touax Texmaco Railcar Leasing Pvt. Ltd. and M/s GATX India Private limited have been registered as Wagon Leasing Company and they have been given permission to procure 24 rakes. Out of these 24 rakes, 13 rakes have been inducted on IR network.”

22. In response to a specific query of the Committee regarding utilisation of the wagons leased by the Indian Railways to the Department of Posts for mail/parcel services, the Ministry apprised the Committee as under:

“Postal traffic is presently being transported by rail as under:-

- (a) Dedicated postal vans of Department of Posts attached in different coaching trains.
- (b) Earmarked dedicated GS coaches (1/4th, half or full) for transportation of mail for Postal department.
- (c) Mail bag having letters transported in second cum luggage van (SLRs) of coaching trains.

Department of Posts are seeking additional accommodation for transportation of postal traffic. Accordingly, it has been decided to provide space in Assistant Guard Cabin of front SLR for transportation of postal traffic in the following trains on pilot basis for 6 months:-

- (i) 15959 Howrah-Guwahati-Dibrugarh Kamrup Express  
(From Howrah to Guwahati) w.e.f. 20.02.2017
- (ii) 12721 Hyderabad-Nizamuddin Express (From  
Hyderabad to Nizamuddin) w.e.f 01.02.2017

- (iii) 12322 Mumbai-Howrah Mail (From Mumbai to Howrah) w.e.f 27.02.2017.

Department of Posts has been repeatedly requesting for providing more and more space in Mail/Express services.”

## **VII. Automobile Freight Train Operator (AFTO) Scheme**

23. The Committee were informed that with a view to increasing Indian Railways’ market share in transportation of automobile, the AFTO policy was issued in 2010 and was revised in 2013. Approval has been given to two companies for procurement of 12 rakes out of which 9 rakes have already been inducted.

24. Asked to furnish the details including the earnings of the Railways since the commencement of the AFTO scheme, the Ministry apprised as under:

“Two firms viz M/s Maruti Suzuki India Ltd and M/s APL Logistics/Vascor Automotive Private Limited have been registered under Automobile Freight Train Operator Scheme (AFTO) scheme. Permission has been given for procurement of 12 rakes of BCACBM rakes. Out of these 12 rakes, 9 rakes have been inducted and are running on IR system. The year-wise earnings from these rakes is as under :

Year	Earning (in cr.)
2013-14	.62
2014-15	20.29
2015-16	57.97
2016-17 (upto Feb,17)	77.80



## **VIII. Special Freight Train Operator (SFTO) Scheme**

25. The Committee were informed that to increase rail share in commodities like fertilizer, molasses, edible oil, caustic soda, chemicals, petro chemicals, alumina, bulk cement, fly ash etc, the SFTO policy was launched to attract private investment in special purpose wagons required for transportation of these commodities. The Policy was issued on 31.05.2010 and has been modified on 24.06.2013. Proposal for procurement of 3 rakes of tank wagons for transportation of caustic soda have been finalised. Approval of 3 more rakes of BRNA (for carrying steel products) wagons and 3 rakes of BFNS have been given.

26. In the above context, the Committee desired to know the exact investment made by the private participants so far under the SFTO Scheme. In reply, the Ministry stated that an investment of Rs. 30 crore had already been made by the private participants.

27. The Committee then enquired whether any study had been made by the Railways to gauge the extent of increase of rail share in transportation of essential commodities for which the Scheme was launched. In reply, the Ministry submitted as under:

“Under SFTO, 3 rakes of BRNA wagons have been procured by M/s Jindal Steel and Power Ltd. for steel movement. During the year 2015-16 and year 2016-17 (upto Feb.), 18711 tonnes of material was transported resulting in freight earning of Rs. 48.02 crore.”

## **IX. Redevelopment of Stations**

28. In the Rail Budget 2014-15, it was announced to develop 10 major stations of metro city and important junctions to international standards by leveraging real estate development of railway land and airspace in and around stations. A special purpose vehicle namely

Indian Railway Stations Development Corporation Limited has been set up as a joint venture between IRCON and Rail Land Development Authority. Nine stations i.e. Bijwasan (Delhi), Anand Vihar (Delhi), Chandigarh, Habibgunj (Bhopal) and Shivaji Nagar (Pune), Surat, Gandhinagar, Bhubaneswar and Baiyyappannahalli have been identified for redevelopment. Also as announced in Rail Budget, 2015-16, it is proposed to offer stations for redevelopment on as and where basis by inviting open bids for providing amenities and other requirements. The entire cost of such station redevelopment will be met by leveraging commercial development of land and airspace in and around the station.

29. In the above context, the Committee desired to be apprised of the details of the number of stations identified as on February, 2017 and the progress made in that direction. In reply, the Ministry submitted as under:

“It is planned to offer ‘A-1’ and ‘A’ category stations (407 stations) for redevelopment on ‘as is where is’ basis by inviting open bids from interested parties with their designs and business ideas. Based on studies undertaken by the Strategic consultants, M/s Boston Consulting Group (BCG), it was decided to launch 23 stations for bidding in the first phase, out of which bids for 21 stations have already been invited and bids for the remaining 2 stations (in the poll bound State of Uttar Pradesh) shall be invited soon after the restrictions due to Model Code of Conduct are over.”

30. The Ministry also furnished the following list of 23 stations that have been identified for redevelopment.

**List of 23 stations included in Phase I of station redevelopment programme**

S.No.	Station	State	Zone	Div
1	Lokmanya Tilak (T)	Maharashtra	CR	BB

2	Pune	Maharashtra	CR	PA
3	Thane	Maharashtra	CR	BB
4	Visakhapatnam	Andhra Pradesh	ECOR	WAT
5	Howrah	West Bengal	ER	HWH
6	Kanpur Central	Uttar Pradesh	NCR	ALD
7	Allahabad	Uttar Pradesh	NCR	ALD
8	Kamakhya	Assam	NFR	LMG2
9	FARIDABAD	Haryana	NR	DLI
10	Jammu Tawi	Jammu and Kashmir	NR	FZR
11	Udaipur City	Rajasthan	NWR	Ajmer
12	SECUNDERABAD	Telangana	SCR	SC
13	VIJAYAWADA	Andhra Pradesh	SCR	BZA
14	Ranchi	Jharkhand	SER	RNC
15	Chennai central	Tamil Nadu	SR	MAS
16	Kozhikkode	Kerala	SR	PGT
17	Yesvantpur	Karnataka	SWR	SBC
18	Bangalore Cantt.	Karnataka	SWR	SBC
19	BHOPAL	Madhya Pradesh	WCR	BPL
20	Mumbai Central (Main)	Maharashtra	WR	Mumbai Central
21	Bandra Terminus	Maharashtra	WR	Mumbai Central
22	Borivali	Maharashtra	WR	Mumbai Central
23	Indore	Madhya Pradesh	WR	Ratlam

31. In evidence, the Committee enquired about the procedure followed for selecting the Stations for redevelopment. In response, a representative of the Ministry deposed as under:

“..Sir, for the first phase, we have taken 23 stations to the market. We had done an internal assessment on the returns from each station and then we had decided that if we take, let us say, Mumbai area which is the most potential station, but if you give 10 stations to one Railway, it may be difficult for them to handle. Then we have done some moderating and from top 40 or so, we have taken out these 23.”

32. Asked to state the bidding process and award of contract to the private participants for redevelopment of Stations, the representative apprised as under:

“Sir, these tenders are in two parts. In the first part, we select a proposal which is developed into a DPR. This proposal is

selected primarily on the technical aspect and also it has elements of financial profit that the proposal is going to give us. It is because from the same land and the same station, you can have many schemes which can work. So, the mix technical and financial aspects gives us one proposal which we firm up as DPR and then we take it to the market for the financial bidding where the highest bidder gets it.”

33. The representative of the Ministry further apprised the Committee as under:

“I would like to inform this august gathering that yesterday Habibganj Station has been handed over to the developer chosen transparently. So, from today, he will start his formal work at the station; he was working around the station so far. But the activities of the station, which were with the railways, now have been handed over to the developer. It is the first station to be done so on the Indian Railways.”

34. The Committee then asked about the redevelopment of the Anand Vihar Station which had remained a bone of contention for quite a long time. In response, the representative of the Ministry deposed as under:

“Now, we are into the RFP. The financial proposal is in the market. We have had two rounds of meetings. Developer wanted certain more time to be given. So, we are trying to open it up in the middle of March and trying to award it by end of March.”

35. The Committee then asked whether any Private Developer had evinced interest in the redevelopment of Dadar Station, Mumbai. In reply, the Ministry submitted as under:

"Bids for Dadar station are yet to be invited. Therefore, whether any private developer evinces interest in redevelopment of Dadar station shall be known after the Bids for Dadar station have been invited."

36. Asked to state whether the local Municipal Corporations were being involved in the process of redevelopment of stations, the representative of the Ministry submitted in evidence as under:

"All the stations will be developed in partnership with the local Municipal Corporation. In fact, the Ministry of Railways has got an MoU with the MoUD so that wherever there are SMART cities and AMRUT cities, we will have a tie-up with the local Municipal Corporation to develop the scheme together for the station as well the surrounding city areas."

37. In response to a specific query regarding commercial development of the land and airspace in and around the Stations concerned, the Ministry stated that no land and airspace in and around the Stations had so far been commercially developed, as part of the station redevelopment programme.

38. The Committee then enquired about the performance of the Indian Railway Stations Development Corporation Ltd. which had been set up as a Joint Venture between IRCON and RLDA for redevelopment of Stations. In reply, the Ministry, in their written submission, stated as under:

"Indian Railway Stations Development Corporation Ltd. (IRSDC) has been awarded Development Contract for Habibganj station for which financial closure has been achieved and preparatory work started. Contract for redevelopment of Gandhinagar station and construction of 300 room hotel on the station's air-space has been awarded.

Bidders for redevelopment of Anand Vihar and Bijwasan stations have been shortlisted and Financial bids have been invited. MOU for development of an integrated Multi-Modal Hub at Surat including redevelopment of Surat railway station and Bust Terminus was signed between IRSDC, Gujarat State Road Transport Corporation and Surat Municipal Corporation in August'2016 for which Request for Qualification (RFQ) have been opened. Further, Master Plan & detailed Feasibility Reports for redevelopment of Chandigarh & Shivajinagar (Pune) stations have also been prepared.”

## **X. Locomotive Manufacturing Unit**

39. The Committee were informed that the Ministry of Railways have initiated the bidding for setting up of an electric locomotive manufacturing unit at Madhepura and diesel locomotive manufacturing unit at Marhowra. The Cabinet on 20.01.2014 approved the agreement and Request for Proposal (RFP) document for setting up the units as the joint venture through competitive bidding. The bidders have been shortlisted after prequalification for participation in financial bid stage.

40. Asked to state the latest status of the proposed locomotive factories, the Ministry submitted as under:

(a) "Setting up of Electric Loco Manufacturing Factory at Madhepura in Bihar

(i) A Procurement-cum-Maintenance Agreement has been entered into between Ministry of Railways and Madhepura Electric Locomotive Private Limited (MELPL), a JV Company of Alstom Manufacturing India Limited and Ministry of Railways. The scope of the agreement provides for MELPL to set up a factory

at Madhepura for supply of 800 nos. of 12,000 HP capacity electric locomotives over a period of 11 years. The scope also include MELPL to set up two maintenance depots one at Saharanpur for maintenance of first 250 locomotives for a period of 13 years and second depot at Nagpur for providing maintenance support for the next 250 locomotives for a period of 4 years.

(ii) MELPL has awarded a turnkey contract for construction of factory at Madhepura. The first phase of the factory is expected to be completed by July, 2017 and the construction of entire factory would be completed by February, 2019. The prototype locomotive would be rolled out from factory at Madhepura in February, 2018 and the balance locomotives would be rolled out from the factory as per the provisions of PCMA.

(iii) The construction of maintenance depot at Saharanpur is also in progress and is expected to be completed by February, 2018. The depot at Nagpur would be completed by February, 2022.

(b) Diesel Locomotive Factory at Marhowra, Bihar under PPP mode

(c) The Project has been sanctioned for manufacturing of 100 Diesel locos per annum. Cabinet in February, 2010 approved setting up of this unit as Joint Venture in which MoR will invest 26% equity. The JV partner was to be selected through International Competitive Bidding.

(d) Two stage process consisting of RFQ (Request for Qualification) & RFP (Request for Proposal) was followed. Based on RFQ opened on 20.09.2013, bidders were shortlisted. Revised RFP and PCMA were approved by Cabinet in its meeting on 20.01.2014. The RFP document was issued to shortlisted bidders on 11.03.2015. Two pre-bid conference with shortlisted bidders were held on 16.04.2015 & 24.06.2015. The bid was opened on 01.09.2015 and contract agreement signed between MoR & M/s GE Diesel Locomotive Pvt. Ltd on 30.11.2015. Physical possession of land for establishing the factory has been received by the Government. Land Lease Agreement has been signed and land has been handed over to the company. The construction work at site has commenced from June'2016. The first prototype loco is scheduled to be supplied by M/s GE by Feb, 2018."

41. The Chairman, Railway Board apprised the Committee in evidence as under:

"...Sir, Madhepura locomotive factory is an electric locomotive factory. The factory is being established by Alstom. The Railways will have 26 per cent stake subject to maximum of Rs.100 crore. It will have an FDI of around Rs. 1100 crore. There is an assured off-take model of around 800 locomotives over a period of 11 years. These locomotives are 12,000 HP locomotives with much better efficiency and reliability parameters. So as to prove on reliability and availability parameters, they have also been given a maintenance agreement for 13 years; and they will be establishing two maintenance depots, which after the period is over, will be handed-over back to the Indian Railways."



42. Asked to state whether the locomotives would be imported or manufactured in India, the Chairman, Railway Board deposed as under:

“Initially it provided for import of five locomotives but Alstom, now, has come up with the idea that they do not intend to import any locomotives; they will manufacture everything here. In fact, they have already a subsidiary available in India known as Alstom India. They have propulsion units based in Coimbatore perhaps; and they have metro units based in Chennai. So, they will be using the technical expertise already available in various subsidiaries available in India for manufacturing of locomotives at Madhepura I Bihar.”

43. The Chairman, Railway Board further submitted:

“Sir, the point is that it is in their interest that they indigenize as fast as possible because the price is so low, around Rs. 19 crore for a locomotive of 12,000 HP. Even in our Chittaranjan Locomotive Unit where we manufacture these electric locomotives, we manufacture 6,000 HP locomotives at a cost of Rs. 13 crore to Rs. 14 crore; and they are giving at Rs. 19 point something crore.”

44. As regards provision of maintenance facilities, the Chairman, Railway Board apprised as follows:

“They would be establishing new facilities. We will be providing the land. But the maintenance facilities will be established by them; and we have said that they will be maintaining these locomotives for a fixed number of periods – some 250 locomotives in the beginning for certain years; then another 250 locomotives. Then, they will be handholding our Railway employees so that Railway

employees are able to take over the maintenance of these locomotives for future, and ultimately, the whole facility will get transferred to the Indian Railways.”

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## **PART-II**

### **OBSERVATIONS/RECOMMENDATIONS**

- 1. The Committee note that for capacity augmentation and modernisation, Indian Railways require Rs. 8.56 lakh crore between 2015 and 2019, out of which approximately Rs. 1.2 lakh crore is estimated to be mobilised from Extra Budgetary Resources (EBR)/partnership including Public Private Partnership (PPP). Five models of PPP viz. Non-Government Railway (NGR), Joint Venture (JV), Customer Funded, Build, Operate and Transfer (BOT) and Annuity models have been provided through the Participative Policy issued in December, 2012 to increase private investment and also to attract greater participation from the Private Sector in rail connective projects. The Committee were informed that till now the JV model has elicited a good response and has enabled mobilisation of substantial private investment in the development of Railway Infrastructure. Further, the Annuity model which involves relatively lesser risk to the potential investors is likely to attract more private investment in future than the other PPP models. As the Railways require huge amount of funds for capacity augmentation and modernisation and the PPP mechanism has the potential to facilitate substantial generation of such resources, the**

**Committee would like the Ministry to explore more PPP models with special emphasis on JV and Annuity models which have already enabled and likely to attract more private investment in rail connectivity projects. The Committee are also of the considered opinion that since the Ministry have taken a conscious and prudent decision to attract private investment for capacity augmentation, it has to be ensured that the PPP policy is effected in a seamless manner.**

- 2. The Committee observe that between 2002 and 2012, seven port connectivity projects had been implemented adding approximately 950 kms of railway line and bringing in an investment of approximately Rs. 3000 crore out of which Railway's equity contribution being only Rs. 400 crore approximately. The Committee further note that between 2012 and 2016, two port connectivity projects of an estimated value of Rs. 900 crore have already been implemented and three more projects of an estimated value of Rs. 3900 crore are under implementation. In view of the substantial public private investment in the above said projects, the Committee urge the Ministry to expedite the completion of the three JV projects in hand i.e. Obulavaripalle-Venkatachalam New Line, Anugul-Sukinda New Line and Haridaspur-Paradip New Line so that Railway's capacity augmentation takes place as per the**

**schedule. The Committee also desire that the 16 rail connectivity projects that have been initiated under the Participative Policy 2012 with an estimated investment generation of approximately Rs. 10,000 crore be accorded equal priority to fructify the objectives of the policy.**

**3. The Committee appreciate that under the Private Freight Terminal (PFT) scheme which was launched in 2010 and revised in 2012, 41 Terminals have already been commissioned for commercial working and 40 more Terminals are under various stages of construction. As the PFT Scheme aims to facilitate development of a network of Freight Terminals with private investment and provide efficient and cost effective logistic services, the Committee recommended that the completion and commercial commissioning of the 40 PFTs be speeded up so as to serve the very purpose of the Scheme.**

**4. The Committee note that running of container train which was the monopoly of CONCOR, a PSU of the Railways, was thrown open to private operation in the year 2006 as a result of which 16 private operators entered the field. It is heartening to observe that subsequent to the opening up of the sector to Private Operators, loading of containers on Indian Railways since 2007-08 has shown increasing trends except for the FY**

**2015-16. What is more encouraging is the steady increase in the revenue earning throughout this period. While appreciating the effect of the decision taken by the Ministry, the Committee desire that efforts be made to rope in more Private Operators to run the container trains so that there is further increase in the loading capacity and revenue earning for the Indian Railways.**

**5. The Committee note that the policy for Liberalised Wagon Investment Scheme (LWIS), which allows investment by end users in special purpose and high capacity wagons, was issued in 2008 and revised in 2012 to make the scheme more customer friendly. Under the scheme, approval has been given for procurement of 68 rakes by 14 firms out of which 31 rakes have already been procured. As the estimated investment by the LWIS participants is a substantial amount i.e. Rs. 1535 crore, the Committee impress upon the Ministry to facilitate procurement of the remaining 37 rakes by the participants besides according approval for procurement of more rakes by various firms so that more investment is made in Railways capacity augmentation programme.**

**6. Another policy issued under PPP in 2008, is the Wagon Leasing Scheme (WLS) which was launched to introduce the concept of leasing of railway wagons on**

**Indian Railways. The Committee find that the scheme aims to induct high capacity and special purpose wagons and also wagons for container movement and pursuant to that permission has been accorded to two private companies for procurement of 24 rakes out of which 13 rakes have already been inducted. The Committee would like the Ministry to impress upon the companies to procure the remaining 11 rakes for their early induction on Indian Railways. Further, in view of the repeated request of the Department of Posts for more space in Mail/Express trains for transportation of postal traffic, the Committee desire the Ministry to favourable consider such requests of the Department of Posts so that Railways earn more revenue.**

- 7. With a view to increasing Indian Railways' market share in transportation of automobiles, the policy for Automobile Freight Train Operator (AFTO) Scheme was issued in 2010 and revised in 2013. Under the scheme, approval has been given to two Private Companies for procurement of 12 rakes out of which 9 rakes have already been inducted and are running on Indian Railways System. The Committee are pleased to find that there has been a steady increase in the revenue earning for Indian Railways from the implementation of the scheme. For example, in 2013-14 the earning was Rs. 62 lakh only whereas in**

2014-15 it increased to Rs. 20.29 crore followed by Rs. 57.97 crore in 2015-16 and Rs. 77.80 crore in 2016-17 (upto February, 2017). In view of the potential of the scheme to increase Railway's market share in transportation of automobile, the Committee would like the Ministry to consider according approval to the Private Companies for procurement of more rakes in future for induction on Indian Railways which in turn would result in more revenue earnings.

8. The Committee note that another important policy which was issued in 2010 and modified in 2013 to increase rail share in essential commodities like fertilisers, edible oil, chemicals etc. is the Special Freight Train Operator (SFTO) Scheme under which three rakes have already been procured and approvals for six more rakes are underway. The Committee appreciate that as a result of procurement and induction of three rakes, 18711 tonnes of material have been transported resulting in freight earning of Rs. 48.02 crore during the years 2015-16 and 2016-17 (upto February, 2017). The Committee desire that urgent requisite measures be taken to speed up the process of approval, procurement and induction of the remaining rakes so as to ensure increase of rail share in essential commodities and more freight earning.



9. Pursuant to the announcement in the Rail Budget 2014-15 for redevelopment of 10 major stations of metro cities and important junctions to international standards, nine stations i.e. Brijwasan, Anand Vihar, Chandigarh, Habibganj, Shivaji Nagar, Surat, Gandhinagar, Bhubaneshwar and Baiyyappanahalli were identified for the purpose. According to the Ministry's submission while Habibganj station has been handed over to the developer, the redevelopment process of the remaining identified stations, except Bhubaneshwar and Baiyyappanahalli, are under different stages. While impressing upon the Ministry to expedite the redevelopment process of the 2014-15 identified stations, the Committee would like to be apprised of the status of the redevelopment of Bhubneshwar and Baiyyappanahalli Stations.

10. Also as announced in the Rail Budget 2015-16, the Railways are proposing to offer 407 'A-1' and 'A' category stations for redevelopment on 'as is where is' basis by inviting open bids from interested parties with their designs and business ideas. In this context, the Committee find that based on an internal assessment on the returns for each station, 23 stations have been identified at the first phase out of which bids for 21 stations have already been invited and bids for the

remaining two stations would be invited soon. The Committee desire the Ministry to speed up the process of handing over the selected 23 stations to the developers so that all the identified 407 stations are redeveloped phase-wise in a time bound manner to international standards thereby enabling the Railways to leverage the amenities for general public and earn more revenue.

11. The Committee are pleased to note that the Ministry of Railways have signed an Memorandum of Understanding (MOU) with the Ministry of Urban Development as per which wherever there are SMART and AMRUT cities, the Railways will have a tie up with the local Municipal Corporation to develop the scheme together for the station as well as the surrounding city areas. The Committee are of the considered opinion that it is a step in right direction and should be persisted with while redeveloping all the identified 407 stations.

12. The Committee are concerned to note that no land and airspace in and around the stations have so far been commercially developed, as part of the station redevelopment programme. According to the Ministry's own submissions, the entire cost of station redevelopment will be met by leveraging commercial development of land and airspace in an around the stations. The Committee,

**therefore, impress upon the Ministry to look into the matter with a sense of urgency so as to ensure that the station redevelopment programme, as announced in successive Rail Budgets, is truly achieved.**

- 13. The Committee note that the Ministry with JV partners have initiated the process of setting up of two locomotive manufacturing factories in Bihar i.e. one Electric Locomotive Factory at Madhepura and one Diesel Locomotive Factory at Marhaura. The first phase of the Electric Loco Factory is expected to be completed by July, 2017 and the construction of the entire factory would be completed by February, 2019. The prototype electric loco would be rolled out in February, 2018. Similarly, the construction of the diesel Loco factory has commenced from June 2016 and the first prototype Diesel loco is scheduled to be rolled out also in February, 2018. In view of the fact that there is an assured off-take model of the locomotives with much better efficiency and reliability parameters, the Committee urge the Ministry to ensure that the two factories are completed within the agreed time line and locomotives are rolled out as per planning for capacity augmentation of the Indian Railways. As maintenance of the locos is equally imperative, the Committee desire that the two proposed maintenance**

**depots at Saharanpur and Nagpur be completed as per the respective deadlines.**

- 14. One encouraging aspect that has engaged the attention of the Committee is the JV partner's decision not to import any Electric Locos, rather they will be using the technical expertise already available in various subsidiaries in India for manufacturing Electric locos. The Committee are of the considered opinion that such indigenization will certainly facilitate cost effectiveness and more employment generation and they would like the Railway Board to explore the feasibility of replicating such domestic manufacturing in similar schemes/projects undertaken through PPP model.**

New Delhi:  
29 March, 2017  
08 Chaitra, 1938-39 (SAKA)

**BHARTRUHARI MAHTAB**  
CHAIRPERSON  
RAILWAY CONVENTION COMMITTEE

**RAILWAY CONVENTION COMMITTEE (2014)**

**MINUTES OF THE 30<sup>th</sup> SITTING OF THE COMMITTEE**

The Committee sat on Wednesday, the 02<sup>nd</sup> March, 2017 from 1100 hrs. to 1245 hrs. in Committee Room-G074, Parliament Library Building, New Delhi.

**PRESENT**

Shri Bhartruhari Mahtab - Chairperson

**Members**

**Lok Sabha**

2. Shri Sanganna Amarappa Karadi
3. Shri K.C. Venugopal
4. Shri K. Ashok Kumar
5. Shri Janak Ram
6. Shri Rahul Ramesh Shewale

**Rajya Sabha**

7. Shri Prem Chand Gupta
8. Shri Ranvijay Singh Judev
9. Shri T.K. Rangarajan

**Secretariat**

1. Sh. M.K. Madhusudhan - Director
2. Sh. D.R. Mohanty - Addl. Director

## Witnesses

### Representatives of the Ministry of Railways (Railway Board)

- |    |                     |  |
|----|---------------------|--|
| 1. | Shri A.K. Mital     | - Chairman, Railway Board & Ex-officio Principal Secretary to the Government of India. |
| 2. | Shri Ravindra Gupta | - Member Rolling Stock & Ex- officio Secretary to the Government of India.             |
| 3. | Shri Pradeep Kumar  | - Member Staff & Ex- officio Secretary to the Government of India.                     |
| 4. | Shri S.C.Jethi      | - Additional Member (Commercial)   |
| 5. | Shri A.K. Tiwari    | - Adviser(EnHM)  |
| 6. | Shri Achal Khare    | - Adviser (Infra)  |
| 7. | Sh. Rajiv Chaudhary | - Adviser/SDE  |

2. At the outset, the Chairperson welcomed the Members and the representatives of the Ministry of Railways (Railway Board) to the sitting of the Committee, convened to take oral evidence on the subjects **“Green Energy Initiatives in Indian Railways”** and **“Exploring PPP avenues in Railway Infrastructure”**. Impressing upon the witnesses to keep the proceedings of the Committee **“Confidential”**, the Chairperson asked the Chairman, Railway Board, to first update the Committee on further developments on the Green Energy initiatives taken by Indian Railways highlighting *inter-alia* the status of the ongoing and future schemes/projects on solar energy, bio-diesel, wind energy, water conservation etc.

3. Accordingly, the Chairman, Railway Board apprised the Committee of the ambitious plan of the Railways towards green energy initiatives like solar power

generation, wind power plants, blending of bio-diesel, water harvesting, transmission of energy to overhead railway traction system, LED fittings in coaches and stations, bio-toilets, tree plantation etc.

4. The Chairperson then asked the Chairman, Railway Board to apprise the Committee of the various schemes/projects envisaged under PPP like Port Connectivity Projects, Private Freight Terminal Scheme, Private Containers Operation, Wagon Leasing Scheme, Special Freight Train Operator Scheme, Redevelopment of Stations etc.

5. The Chairman, Railway Board, accordingly made a brief power-point presentation *inter-alia* highlighting the need for PPP in Indian Railways, commencement of PPP in 2012, participative policy, projects under PPP policy 2012, customer funded projects, summary of investments in Railway connectivity projects, other private investment initiatives etc. The representatives of the Ministry of Railways thereafter responded to the queries raised by the Members. As some queries required further clarifications and detailed reply, the Chairperson asked the Chairman, Railway Board, to furnish written replies on the same, within a week. The Chairman, Railway Board, assured to comply.

6. The Chairperson thanked the witnesses for appearing before the Committee and furnishing the available information that the Committee desired in connection with the examination of the subject.

The witnesses then withdrew.

A verbatim copy of the proceedings has been on record.

**The Committee then adjourned.**

**RAILWAY CONVENTION COMMITTEE (2014)****MINUTES OF THE THIRTY FIRST SITTING OF THE COMMITTEE**

The Committee sat on Wednesday, the 29<sup>th</sup> March, 2017, from 1500 hrs. to 1545 hrs. in Room No. 215, Chairperson's Chamber, Parliament House Annexe Extension, New Delhi.

**PRESENT**

**Shri Bhartruhari Mahtab** - **Chairperson**

**Members****Lok Sabha**

2. Shri Kamalbhan Singh Marabi
3. Shri Nana Patole
4. Shri L.K Vaghela
5. Shri K.C. Venugopal

**Rajya Sabha**

6. Shri Abdul Wahab
7. Shri Ranvijay Singh Judev

**Secretariat**

- |                              |   |                     |
|------------------------------|---|---------------------|
| 1. Sh. Sukhi Chand Chaudhary | - | Joint Secretary     |
| 2. Sh. M. K. Madhusudhan     | - | Director            |
| 3. Sh. D. R. Mohanty         | - | Additional Director |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, convened to consider and adopt the draft Reports on the subjects (i) Exploring PPP avenues in Railway Infrastructure (ii) Green Energy Initiatives in Indian Railways (iii) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fourth Report on Role of IRFC and use of SPV methodology in financing development needs of Indian Railways and (iv) Action Taken



by the Government on the Observations/Recommendations of the Committee contained in their Fifth Report on Share of Railway Traffic vis-a-vis Air and Road Transport-An Evaluation. Giving an overview of the important Recommendations contained in the Draft Reports, the Chairperson solicited the views/suggestions of the Members.

3. The Committee then took up for consideration the said Draft Reports and adopted them after some discussions.

4. The Chairperson thanked the Members for their valuable suggestions and active participation in the deliberations of the Committee. The Chairperson also appreciated the performance of the Officers of the Secretariat attached to the Committee.

5. The Committee, then, authorized the Chairperson to finalize the Reports in the light of consequential changes that might arise out of factual verification of the Draft Reports and present the same to both the Houses.

**The Committee then adjourned.**